Approved For Release 2003/01/29 : CIA-RDP79T00975A008500240001-1

TOP SECRET

[redacted]

25X1

29 September 1965

[redacted]

25X

Copy No. C 204

CENTRAL INTELLIGENCE BULLETIN

CURRENT INTELLIGENCE
RELATING TO NATIONAL SECURITY

State Dept., JCS reviews completed.

[redacted]

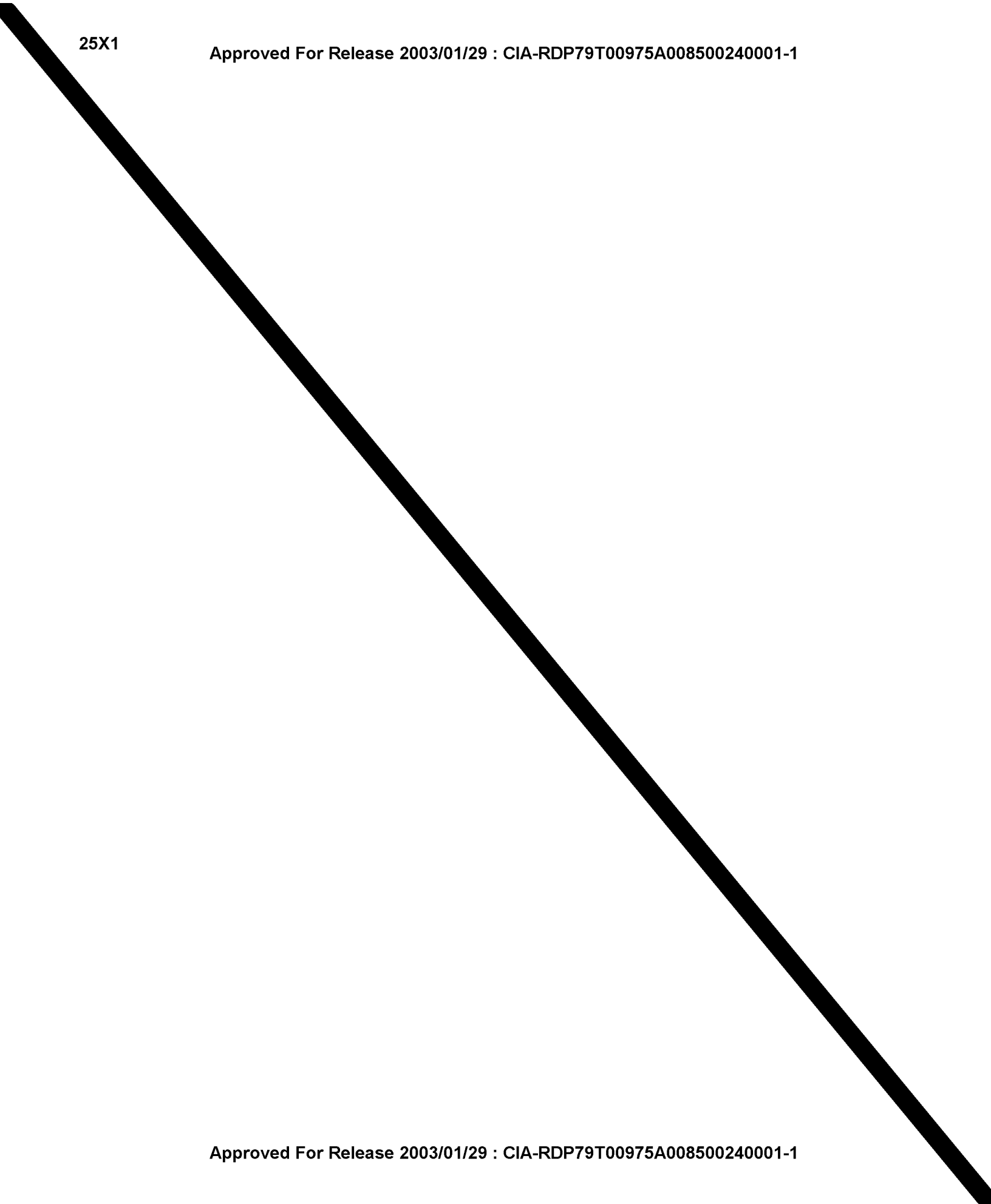
25X1

GROUP 1
EXCLUDED FROM AUTOMATIC DOWNGRADING AND DECLASSIFICATION

Approved For Release 2003/01/29 : CIA-RDP79T00975A008500240001-1

25X1

Approved For Release 2003/01/29 : CIA-RDP79T00975A008500240001-1



Approved For Release 2003/01/29 : CIA-RDP79T00975A008500240001-1

Approved For Release 2003/01/29 : CIA-RDP79T00975A008500240001-1 25X1

29 September 1965

CENTRAL INTELLIGENCE BULLETIN

CONTENTS

1. Vietnam: Current situation report. (Page 1)

2. India-Pakistan: Current situation report. (Page 4)

3. USSR: Extensive changes in industrial administration indicated. (Page 6)

4. France - Common Market: French officials hinting possible settlement of crisis. (Page 8)

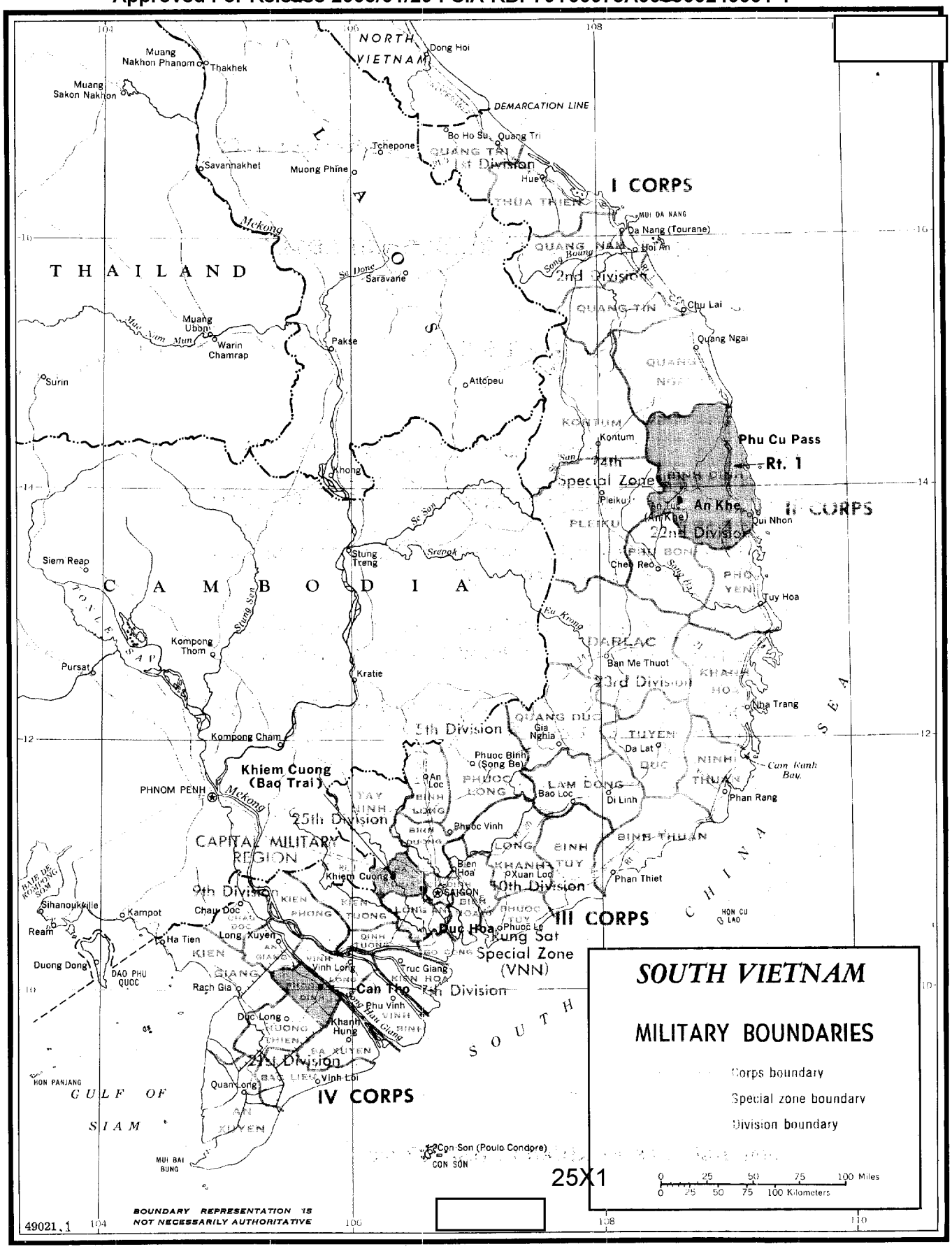
[redacted] 25X1

6. Note: Cuba. (Page 11)

Approved For Release 2003/01/29 : CIA-RDP79T00975A008500240001-1 25X1

25X1

Approved For Release 2003/01/29 : CIA-RDP79T00975A008500240001-1



Approved For Release 2003/01/29 : CIA-RDP79T00975A008500240001-1

25X1

Approved For Release 2003/01/29 : CIA-RDP79T00975A008500240001-1 25X1

CENTRAL INTELLIGENCE BULLETIN

29 September 1965

*Vietnam: (Information as of 4:30 AM EDT)

The Military Situation in South Vietnam: Renewed heavy fighting was reported today along National Route 1 near the Phu Cu pass in central coastal Binh Dinh Province, scene of a major engagement between regimental-strength government and Viet Cong forces during 23-24 September. In the latest encounter, a search-and-destroy operation by two Vietnamese Ranger battalions has made contact with four Communist main force battalions, with initial Viet Cong losses unofficially estimated at 250 killed. Friendly losses thus far have been placed at 100 killed.

In the same province, Operation CHANCELLORSVILLE, a large-scale ground sweep launched on 26 September by paratroop elements of the US 101st Airborne Division and one USMC battalion northeast of An Khe continues according to plan. Viet Cong losses to date stand at 57 killed, 28 suspects detained, and 3,000 pounds of rice and salt captured. American casualties are one killed and 15 wounded.

Further details on the Viet Cong attack which early yesterday overran and inflicted heavy casualties on a village outpost 90 miles southwest of Saigon, near the Phong Dinh provincial capital of Can Tho, indicate that the Viet Cong also executed five civilians, including the village chief and two pacification officials.

Friendly casualties from the previous day's Viet Cong attack on a Vietnamese Ranger battalion outpost in Hau Nghia Province, 25 miles west of Saigon, plus simultaneous mortar fire placed against nearby field positions of a regular Vietnamese army battalion, are now listed as 41 killed (1 US), 27 wounded (1 US) and

Approved For Release 2003/01/29 : CIA-RDP79T00975A008500240001-1 25X1

Approved For Release 2003/01/29 : CIA-RDP79T00975A008500240001-1 25X1

7 missing. In addition, in the same province, the district town of Duc Hoa was shelled by 60-mm. and 81-mm. mortar fire, and seven policemen guarding the wreckage of a downed US plane near the province capital of Bao Trai were killed by Viet Cong snipers.

Political Developments in South Vietnam: The ruling military Directorate on 27 September agreed on early changes in both the cabinet and key military commands in the interest of greater efficiency, [redacted] 25X1

25X1 [redacted]

The most significant military change planned would be the appointment of General Cao Van Vien, currently commander of III Corps, as Chief of the Joint General Staff in place of General Nguyen Huu Co, who would remain Minister of War. The present 7th Division commander, General Nguyen Bao Tri, would assume control of III Corps, which surrounds Saigon.

North Vietnamese Political Developments: Hanoi radio on 27 September revealed publicly for the first time that North Vietnam regards US pilots captured in North Vietnam as "criminals caught in the act" and that they will be tried for violation of local North Vietnamese law. The broadcast quoted a North Vietnamese Red Cross spokesman who asserted that this policy had been enunciated on 31 August in a Foreign Ministry message to the International Red Cross.

The broadcast said that North Vietnam took exception, as early as 1957, to the Geneva Convention articles on the treatment of prisoners of war. Therefore, US pilots shot down over North Vietnam will not be considered by Hanoi as covered by this Convention.

The North Vietnamese announcement followed by one day the disclosure by the Liberation Front that it

(continued)

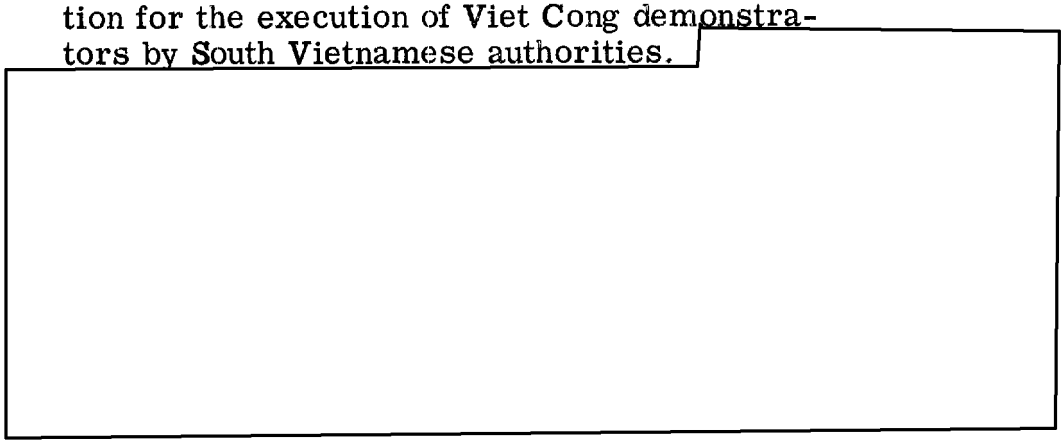
Approved For Release 2003/01/29 : CIA-RDP79T00975A008500240001-1 [redacted] 25X1

Approved For Release 2003/01/29 : CIA-RDP79T00975A008500240001-1

25X1

had executed two American prisoners in retaliation for the execution of Viet Cong demonstrators by South Vietnamese authorities.

25X1



Approved For Release 2003/01/29 : CIA-RDP79T00975A008500240001-1

25X1

Approved For Release 2003/01/29 : CIA-RDP79T00975A008500240001-1 25X1

*India-Pakistan: (Information as of 4:30 AM EDT)

Accusations of cease-fire violations continue from both sides as the tenuous truce enters its seventh day.

Radio Pakistan accused India yesterday of using aircraft in support of operations in the Indian state of Rajasthan--the first such allegation by either side since the cease-fire began. In New Delhi, a defense ministry spokesman denied this charge, terming it a cover for Pakistan's "own persistent violations."

Pakistani Foreign Minister Bhutto, addressing the UN General Assembly yesterday, characterized Pakistan's role in the recent conflict as "self-defense against an armed attack aimed at seizing Lahore." He roundly criticized the Security Council for failing to back its 1949 decision in favor of a plebiscite in Kashmir and warned that "action to remove the seeds of war" is urgently required. Bhutto reiterated the long-standing Pakistani formula for the withdrawal of both Indian and Pakistani forces from Kashmir and the establishment there of a peacekeeping force from Asian, African and Latin American countries, pending self-determination.

India's immediate reaction in the UN to this statement was an accusation that Bhutto had attempted last week to "browbeat" the Security Council and was now trying to "befuddle" the Assembly. India is on record as being opposed to a peacekeeping force and at least equally adamant against a plebiscite.

A high Indian official, however, has suggested that there is some hope of moderating India's publicly stated attitude that Kashmir is not a subject for negotiation. He states that, although the majority of the Indian cabinet now favor being intransigent on Kashmir, there is some cabinet support for "playing along" with the US with the hope of yielding as little as possible on Kashmir. The Indian official believes that the cabinet could be persuaded through US influence to lean toward negotiation.

(continued)

Approved For Release 2003/01/29 : CIA-RDP79T00975A008500240001-1 25X1

Approved For Release 2003/01/29 : CIA-RDP79T00975A008500240001-1 25X1

Pakistan apparently continues its efforts to secure arms and ammunition. An unidentified Dutch air carrier, using three air transports, is now moving arms directly from Lisbon to Karachi, [redacted] A commercial agency in Lisbon was earlier reported to be seeking bids from air carriers for the shipment of 400-tons of light arms and ammunition to Tehran, presumably for transshipment to Pakistan. [redacted]

25X1

[redacted]

25X1

Approved For Release 2003/01/29 : CIA-RDP79T00975A008500240001-1 25X1

Approved For Release 2003/01/29 : CIA-RDP79T00975A008500240001-1

25X1

INDUSTRIAL PRODUCTION INDICATORS IN THE USSR

PRESENT SYSTEM	PROSPECTIVE SYSTEM*
1. Volume of output	1. Volume of sales
2. Assortment plan or product mix	2. Reduction of central control; in some plants production determined by orders from retail outlets
3. Delivery schedules by consignees and calendar quarters	3. Same as (2) above
4. Qualitative indicators a. Overall cost of production b. Labor productivity c. Wage fund d. Others (introduction of new processes and new machinery, capacity utilization of machinery, intra-enterprise investment plan, etc.	4. Qualitative indicators a. Profit (ruble value of profit) b. Profitability (ruble value of profit divided by total "production funds," i.e., fixed and working capital) c. Wage fund d. Profit tax (money transferred to State Budget)

N.B. For many enterprises there are as many as 30 centrally planned indicators

*Based on preliminary evaluation of Kosygin's report

49023

Approved For Release 2003/01/29 : CIA-RDP79T00975A008500240001-1

25X1

Approved For Release 2003/01/29 : CIA-RDP79T00975A008500240001-1 25X1

*USSR: Proceedings at the Soviet party Central Committee meeting, which opened on 27 September, indicate that extensive changes in the administration of Soviet industry are planned but contain no hint of changes within the ruling group.

Premier Kosygin set forth a program for the reform of the economy. He outlined a series of proposals to foster productivity and to increase both industrial growth and national income. Kosygin, however, concerned himself more with identifying problems and sketching broad solutions than with describing the explicit measures by which the program's prospects for success will have to be judged. He stayed away from the crucial question of resource allocation, noting only that the share of national income devoted to consumption will be increased "in the next few years."

Kosygin was most detailed in stating that 20 ministries will be established with "all the rights" for managing production in their respective branches of industry. Although this will entail the dissolution of Khrushchev's system of regional economic councils, Kosygin indicated that some degree of local authority will be retained by asserting that the ministerial system must be combined with "correct territorial planning."

Kosygin also went part way toward meeting suggestions of the more liberal Soviet economists and advocates of more independence for plant directors. The role of profit as a measure of an enterprise's success will be increased but will nevertheless remain only one of several criteria imposed from above.

The bulk of the report was devoted to placing the regime on record as supporting better planning, greater independence of enterprises, more effective incentives, and the increased use of the so-called economic "levers" --price, profit, credit, and bonuses.

(continued)

Approved For Release 2003/01/29 : CIA-RDP79T00975A008500240001-1 25X1

Approved For Release 2003/01/29 : CIA-RDP79T00975A008500240001-1 25X1

Some of Kosygin's proposals will require the modification of traditional methods of Soviet management and have some chance of producing results. For example, financing of industrial investment through direct grants from the national budget is to give way to a combination of grants, bank loans apparently bearing interest, retained profits, and use of depreciation funds.

Kosygin admitted that the present system of setting prices by administrative fiat is not compatible with his proposals for management and planning but offered no specific solution. In fact, he postponed again the long scheduled price reform from January, 1966 until 1967 or 1968.

The absence of detail and of a timetable for implementing Kosygin's proposals may mean that little will be done in the near future.

Discussion of Kosygin's program was to be followed by a report by Party First Secretary Brezhnev on the [illegible] when the 23rd Party Congress convenes.

The central role played by Kosygin and Brezhnev at the plenum argues against recent rumors that one or both would be demoted. The possibility of other high-level changes cannot be excluded, however, since reference to personnel actions is traditionally omitted from the formal agendas of Central Committee plenums.

25X1

[redacted]

* Because of the shortage of time for preparation of this item, the analytic interpretation presented here has been produced by the Central Intelligence Agency without the participation of the Bureau of Intelligence and Research, Department of State or of the Defense Intelligence Agency, Department of Defense.

Approved For Release 2003/01/29 : CIA-RDP79T00975A008500240001-1 25X1

Approved For Release 2003/01/29 : CIA-RDP79T00975A008500240001-1 25X1

France - Common Market: French officials are broadly hinting that there is the possibility of a negotiated settlement of the Common Market crisis even before the end of the year.

According to the US Mission in Brussels, French sources there are taking the line that before the 5 December elections in France, De Gaulle will "accept" an agreement on agricultural financing without demanding at this time direct or indirect revision of the ECC treaty. He would, however, insist on a gentlemen's agreement that majority voting would not be used to override the vital national interests of one member, on an understanding on the composition of the new commission to be installed next year, and on some kind of intergovernmental meeting to get negotiations started.

At a meeting with a Paris Embassy officer late last week, the Foreign Ministry official directly responsible for EEC questions took a similar line. He said the commission's revised financing proposals would with few changes be acceptable to France, and that Paris' views regarding majority voting and the role of the commission could be accommodated without a treaty amendment "at this stage."

The embassy cautions that this relatively "soft" posture may reflect the hopes of the more pro-EEC ministers in Paris, rather than any real change in De Gaulle's position. Nevertheless, the embassy speculates that De Gaulle himself might welcome an agricultural agreement immediately before the French elections which could be portrayed as a great success for his policies.

Moreover, a "settlement" of the EEC crisis along these lines would in fact be a considerable victory for Paris. It would have received the financing agreement it wanted, established a precedent for talking about community problems outside EEC institutions, and

Approved For Release 2003/01/29 : CIA-RDP79T00975A008500240001-1 25X1

Approved For Release 2003/01/29 : CIA-RDP79T00975A008500240001-1

25X1

laid the basis for pressing for formal treaty amendments when discussion of fusion of the EEC, EURATOM, and Coal-Steel communities takes place. In this context, Foreign Minister Spaak's proposal for an intergovernmental meeting in November--which the other four members have apparently accepted--would appear to be a major concession to De Gaulle.

25X1

Approved For Release 2003/01/29 : CIA-RDP79T00975A008500240001-1

25X1

25X1

Approved For Release 2003/01/29 : CIA-RDP79T00975A008500240001-1

Next 1 Page(s) In Document Exempt

Approved For Release 2003/01/29 : CIA-RDP79T00975A008500240001-1

Approved For Release 2003/01/29 : CIA-RDP79T00975A008500240001-1 25X1

NOTE

Cuba: Fidel Castro has promised to explain "within the next few days" the six months absence of Ernesto "Che" Guevara. He indicated that he would read a statement from Guevara, who apparently has fallen from favor, at the induction of the Cuban Communist party's new central committee. In a speech last night, the Cuban leader also disclosed that the Cuban party--the United Party of the Socialist Revolution (PURS)--will hold its first congress sometime late in 1966.

25X1

Approved For Release 2003/01/29 : CIA-RDP79T00975A008500240001-1 25X1

Approved For Release 2003/01/29 : CIA-RDP79T00975A008500240001-1

25X1

THE PRESIDENT
The Vice President
Executive Offices of the White House
- Special Counsel to the President
- The Special Assistant for National Security Affairs
- The Scientific Adviser to the President
- The Director of the Budget

The Department of State
- The Secretary of State
- The Under Secretary of State
- The Under Secretary of State for Political Affairs
- The Deputy Under Secretary of State for Political Affairs
- The Counselor and Chairman of the Policy Planning Council
- The Director of Intelligence and Research

The Treasury Department
- The Secretary of the Treasury
- The Under Secretary of the Treasury

The Department of Defense
- The Secretary of Defense
- The Deputy Secretary of Defense
- The Secretary of the Army
- The Secretary of the Navy
- The Secretary of the Air Force
- The Assistant Secretary of Defense (International Security Affairs)
- The Assistant Secretary of Defense
- The Chairman, The Joint Chiefs of Staff
- Chief of Naval Operations, United States Navy
- Chief of Staff, United States Air Force
- Chief of Staff, United States Army
- Commandant, United States Marine Corps
- U.S. Rep., Military Committee and Standing Group, NATO
- Supreme Allied Commander, Europe
- Commander in Chief, Pacific
- Commander in Chief, Atlantic
- The Director, Defense Intelligence Agency
- The Director, The Joint Staff
- The Assistant Chief of Staff for Intelligence, Department of Army
- The Director of Naval Intelligence, Department of Navy
- The Assistant Chief of Staff, Intelligence, Department of the Air Force

The Department of Justice
- The Attorney General
- The Federal Bureau of Investigation
  - The Director

National Aeronautics and Space Administration
- The Administrator

The Atomic Energy Commission
- The Chairman

The National Security Agency
- The Director

The United States Information Agency
- The Director

The National Indications Center
- The Director

Approved For Release 2003/01/29 : CIA-RDP79T00975A008500240001-1

25X1

Approved For Release 2003/01/29 : CIA-RDP79T00975A008500240001-1
TOP SECRET

Approved For Release 2003/01/29 : CIA-RDP79T00975A008500240001-1
TOP SECRET